GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Energy, Infrastructure & Investment Department - Krishna Godavari LNG Terminal Pvt Ltd – Establishment of LNG Terminal with a capacity of 7.2 MMTPA in two phases in the offshore of Kakinada Deep Water Port, Kakinada, Andhra Pradesh – In-Principle approval – Accorded - Orders - Issued.

.....

ENERGY, INFRASTRUCTURE & INVESTMENT (PORTS.II) DEPARTMENT

G.O.MS.No. 28 Dated: 30-07-2016

Read the following

1. From the Director-India Operations, KGLNG Ltd, Secunderabad, Letter No.Nil, dated 05-05-2016.
2. Govt Memo.No.398/Ports.II/2014., dated 11-05-2016 addressed to Director of Ports, Kakinada.
3. Letter No.DoP/D1/2492/2014, Dated 18-05-2016 from the Director of Ports, GoAP, Kakinada.

>>>>>><<<<

ORDER :

Government of Andhra Pradesh wishes to promote Industrial Investment in the State to develop the industries and thereby creating employment opportunities in the State. As a part of the above, the Director of Ports has entered Memorandum of Understanding on 11.01.2016 with Krishna Godavari LNG Terminal Pvt. Ltd, a Group Company of Vessel Gasification Solutions Group Inc (VGS Group Inc) wherein it was proposed to form a Special Purpose Vehicle to facilitate the Company for establishment of 7.2 MMTPA LNG Terminal in the offshore of the Kakinada Deep Water Port in two phases. The initial estimation of the investment for phase I of the Project is $550 Million Dollars (INR 3685 Crores) and for Phase.II is $200 Million Dollars (INR1350 Crores). The project will create more than 50,000 employment directly and indirectly through downstream customers.

2. The Director (India-Operations), M/s.KGLNG Terminal Pvt Ltd in his letter first read above has informed that KGLNG Pvt Ltd, a SPV created by Vessel Gasification Solutions Group Inc (VGS Group Inc), New Jersey, U.S.A along with CAVELLO of Texas and EXMOR of Belgium to establish 7.2 MMTPA LNG Terminal in the Kakinada Deep Water Port, Kakinada had signed an MOU with GoAP on 11-01-2016 at Visakhapatnam at Confederation of Indian Industry (CII) Partnership Summit. He has further informed that Ministry of Environment & Forest, New Delhi had issued TOR on 02-12-2013 which was revalidated once again on 07-01-2016 upto 01-12-2016 and that Public hearing was conducted on 21-11-2015 successfully at Kakinada and that CRZ clearance is expected to be in place soon. He has requested the Government to issue necessary orders in the matter.

3. In this regard the Director of Ports, AP, Kakinada has stated that a Port Service Agreement was executed between M/s.KGLNG Terminal Pvt Ltd and M/s.Kakinada Sea Ports Limited on 27-06-2013. He has further stated that in his letter dated 03-11-2015 while communicating the copies of the Note on Viability of the proposed LNG Project, Final selected location map of the Project...etc submitted by the proponent, the Kakinada Sea Ports Ltd had been requested to offer their remarks on the proposal of M/s.KGLNG Terminal Ltd and the reply from Kakinada Sea Ports Limited is awaited.

4. The Director of Ports after examining the proposal in detail has requested the Government to consider according in-principle approval to the project subject to certain conditions.

5. Government after careful examination and after consulting the concerned Departments have decided to accord in-principle approval to the proposal of M/s.Krishna Godavari LNG Terminal Pvt Ltd, a Group Company of Vessel Gasification Solutions Group Inc (VGS Group Inc) for establishment of LNG Terminal with a capacity of 7.2 MMTPA in two phases in the offshore of Kakinada Deep Water Port, Kakinada, Andhra Pradesh with the following conditions;

(i.) M/s Kakinada Sea Ports Limited shall obtain and submit the permission for setting up of FSRU Project in open sea from the Navigational Safety in Ports Committee (NSPC) under Ministry of Shipping, Mumbai for clearances.

(ii.) As the present project is beyond the scope of present Concession Agreement entered between the GoAP and M/s KSPL and the proposed project location falls outside the Deep Water Port area, M/s Kakinada Sea Ports Limited shall obtain necessary amendment to the Concession Agreement for approval of the Government.

(iii.) M/s Kakinada Sea Ports Limited shall obtain post facto approval from the Government for the Memorandum of Agreement (MoA) entered with VGS Group Inc on 22-01-2013, Terms Agreement for Port Services Agreement entered with VGS Group Inc on 17-04-2013, Port Services Agreement entered with M/s KGLNG Terminal Pvt. Ltd., on 27-06-2013 for setting up of FSRU Project in Kakinada Deep Water Port, to ensure and protect the revenue share of the GoAP and to ensure that the revised Master Plan of Kakinada Port is consistent with the proposed project.

(iv.) The Project shall be in BOMST (Built, Operate and Maintain, Manage, Share and Transfer) model.

(v.) M/s.Krishna Godavari LNG Terminal Pvt. Ltd., shall obtain permission from the Government to lay the subsea pipelines of about 19 Kms from the point of LNG Terminal to the land fall point as the proposed project intends to lay the pipe line on the sea bed.

The mooring location (17° 04' 30.00" N, 82° 26' 30.00"E) is approximately 10 Kms North of Ship To Ship operation Anchorage area as demarcated in the Navigational chart of 3009 published by NHO in the year 2014. Though the proposed mooring location falls within the Seaward Port limits of Kakinada Port, as per UNCLOS, Part-II, Section-1 Article-2, this sovereignty extends to the air space over the territorial sea as well as to its bed and subsoil. Hence, M/s.KGLNG Terminal Pvt Ltd shall obtain permission from Government as the proposed project intends to lay the pipe line on the sea bed.

(vi.) M/s Kakinada Sea Ports Limited shall obtain permission from the Government for utilization of sea front area, since the project location falls out-side the Deep Water Port area.

(vii.) The proposed project period shall not be beyond the period of Concession Agreement between GoAP and M/s KSPL.

(viii.) M/s Kakinada Sea Ports Limited shall obtain and furnish all applicable/necessary Statutory Clearances from any/all Government Maritime Institutions including, but not limited to the following clearances:

1. Approval of the TOR and Environmental Clearance from Ministry of Environment and Forest.

2. National Ports Safety and Port Clearance from Director General of Shipping.
3. Clearance from Petroleum & Natural Regulatory Board, New Delhi.

(ix.) The Director of Ports is instructed to form a Technical Committee consisting of subject experts to evaluate whether all the conditions stipulated by the Director of Ports are fulfilled. The Technical Committee may ensure that the project is consistent with the Concession Agreement.

(x.) On the basis of the recommendations of the Technical Committee and the recommendations of the Department, final approval will be given.

6. The Director of Ports is requested to take necessary further action and report the action taken to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Director of Ports (FAC), GoAP, Kakinada
M/s.KGLNG Terminal Pvt Ltd, Secunderabad through Director of Ports, GoAP, Kakinada.
PS to Prl.Secretary to C.M.,
PS to Prl.Finance Secretary
PS to Secretary to Legal Affairs
PS to Prl.Secretary, E, I&I Dept,
PS to Spl.Secretary, E, I&I Dept.
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER